

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
Proposing Terms Under Which Noncore Gas
Consumers May Elect Core Gas Service. In
Compliance with Ordering Paragraph 3 of
Resolution G-3318.

Application 02-11-028
(Filed November 18, 2002)

**ADMINISTRATIVE LAW JUDGE'S RULING
SETTING PREHEARING CONFERENCE**

Summary

This Ruling sets a prehearing conference (PHC) for March 17, 2003 at 10:00 a.m. At the PHC parties should be prepared to discuss the need, if any, for evidentiary hearings on the issue of a cross-over rate.

Discussion

Pacific Gas and Electric Company (PG&E) filed Application (A.) 02-11-028 to propose terms under which noncore customers on PG&E's system may elect core gas service. In A.02-11-028 PG&E proposes to: 1) prohibit electric generation, cogeneration, refinery and Enhanced Oil Recovery customers with historical or potential annual usage that exceeds 250,000 therms from electing core service; and 2) require all other noncore customers that are eligible and do elect core service to commit to a five-year term as a core customer. Because similar issues have already been addressed for Southern California Gas Company and San Diego Gas and Electric Company in Decision 02-08-065, PG&E requests that the application be considered and approved on an ex parte basis.

The Commission's Office of Ratepayer Advocates (ORA) and the Utility Reform Network (TURN) filed timely protests to PG&E's application. ORA agrees with PG&E's assessment that hearings will not be required but disagrees with the proposed schedule. TURN suggests that hearings may be necessary to address the issue of whether noncore customers electing core service should be required to pay a "cross-over rate" for the first year to compensate the utility and other core customers for any incremental costs of gas resulting from fact that the utility has contracted for basing purchases for a forecast amount of core load.

The purpose of the PHC will be to:

1. Determine whether hearings will be necessary to resolve the cross-over rate issue.
2. Determine the schedule for the proceeding.
3. Establish a service list for the proceeding.
4. Identify any other procedural issues.

IT IS RULED that a prehearing conference is set for March 17, 2003 at 10:00 a.m. in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California, for the purposes described above.

Dated March 6, 2003, at San Francisco, California.

/s/ Julie Halligan
Julie Halligan
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Setting Prehearing Conference on all parties of record in this proceeding or their attorneys of record.

Dated March 6, 2003, at San Francisco, California.

/s/ Antonina V. Swansen

Antonina V. Swansen

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, *e.g.*, sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.